

107TH CONGRESS
2D SESSION

H. R. 4702

To amend title XVIII of the Social Security Act to clarify the right of Medicare beneficiaries to enter into private contracts with physicians and other health care professionals for the provision of health services for which no payment is sought under the Medicare program.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2002

Mr. SAM JOHNSON of Texas (for himself, Mr. NORWOOD, Mr. CRANE, Ms. DUNN of Washington, and Mr. HERGER) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title XVIII of the Social Security Act to clarify the right of Medicare beneficiaries to enter into private contracts with physicians and other health care professionals for the provision of health services for which no payment is sought under the Medicare program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Medicare Beneficiary
5 Freedom To Contract Act of 2002".

1 **SEC. 2. USE OF PRIVATE CONTRACTS BY MEDICARE BENE-**
2 **FICIARIES FOR PROFESSIONAL SERVICES.**

3 (a) IN GENERAL.—Section 1802(b) of the Social Se-
4 curity Act (42 U.S.C. 1395a) is amended to read as fol-
5 lows:

6 “(b) CLARIFICATION OF USE OF PRIVATE CON-
7 TRACTS BY MEDICARE BENEFICIARIES FOR PROFES-
8 SIONAL SERVICES.—

9 “(1) IN GENERAL.—Nothing in this title shall
10 prohibit a medicare beneficiary from entering into a
11 private contract with a physician or health care
12 practitioner for the provision of medicare covered
13 professional services (as defined in paragraph
14 (5)(C)) if—

15 “(A) the services are covered under a pri-
16 vate contract that is between the beneficiary
17 and the physician or practitioner and meets the
18 requirements of paragraph (2);

19 “(B) under the private contract no claim
20 for payment for services covered under the con-
21 tract is to be submitted (and no payment made)
22 under part A or B, under a contract under sec-
23 tion 1876, or under a Medicare+Choice plan
24 (other than an MSA plan); and

25 “(C)(i) the Secretary has been provided
26 with the minimum information necessary to

1 avoid any payment under part A or B for serv-
2 ices covered under the contract, or

3 “(ii) in the case of an individual enrolled
4 under a contract under section 1876 or a
5 Medicare+Choice plan (other than an MSA
6 plan) under part C, the eligible organization
7 under the contract or the Medicare+Choice or-
8 ganization offering the plan has been provided
9 the minimum information necessary to avoid
10 any payment under such contract or plan for
11 services covered under the contract.

12 “(2) REQUIREMENTS FOR PRIVATE CON-
13 TRACTS.—The requirements in this paragraph for a
14 private contract between a medicare beneficiary and
15 a physician or health care practitioner are as fol-
16 lows:

17 “(A) GENERAL FORM OF CONTRACT.—The
18 contract is in writing and is signed by the medi-
19 care beneficiary.

20 “(B) NO CLAIMS TO BE SUBMITTED FOR
21 COVERED SERVICES.—The contract provides
22 that no party to the contract (and no entity on
23 behalf of any party to the contract) shall sub-
24 mit any claim for (or request) payment for
25 services covered under the contract under part

1 A or B, under a contract under section 1876,
2 or under a Medicare+Choice plan (other than
3 an MSA plan).

4 “(C) SCOPE OF SERVICES.—The contract
5 identifies the medicare covered professional
6 services and the period (if any) to be covered
7 under the contract, but does not cover any serv-
8 ices furnished—

9 “(i) before the contract is entered
10 into; or

11 “(ii) for the treatment of an emer-
12 gency medical condition (as defined in sec-
13 tion 1867(e)(1)(A)), unless the contract
14 was entered into before the onset of the
15 emergency medical condition.

16 “(D) CLEAR DISCLOSURE OF TERMS.—The
17 contract clearly indicates that by signing the
18 contract the medicare beneficiary—

19 “(i) agrees not to submit a claim (or
20 to request that anyone submit a claim)
21 under part A or B (or under section 1876
22 or under a Medicare+Choice plan, other
23 than an MSA plan) for services covered
24 under the contract;

1 “(ii) agrees to be responsible, whether
2 through insurance or otherwise, for pay-
3 ment for such services and understands
4 that no reimbursement will be provided
5 under such part, contract, or plan for such
6 services;

7 “(iii) acknowledges that no limits
8 under this title (including limits under
9 paragraph (1) and (3) of section 1848(g))
10 will apply to amounts that may be charged
11 for such services;

12 “(iv) acknowledges that medicare sup-
13 plemental policies under section 1882 do
14 not, and other supplemental health plans
15 and policies may elect not to, make pay-
16 ments for such services because payment is
17 not made under this title; and

18 “(v) acknowledges that the beneficiary
19 has the right to have such services pro-
20 vided by (or under the supervision of)
21 other physicians or health care practi-
22 tioners for whom payment would be made
23 under such part, contract, or plan.

1 Such contract shall also clearly indicate whether
2 the physician or practitioner involved is ex-
3 cluded from participation under this title.

4 “(3) MODIFICATIONS.—The parties to a private
5 contract may mutually agree at any time to modify
6 or terminate the contract on a prospective basis,
7 consistent with the provisions of paragraphs (1) and
8 (2).

9 “(4) NO REQUIREMENTS FOR SERVICES FUR-
10 NISHED TO MSA PLAN ENROLLEES.—The require-
11 ments of paragraphs (1) and (2) do not apply to any
12 contract or arrangement for the provision of services
13 to a medicare beneficiary enrolled in an MSA plan
14 under part C.

15 “(5) DEFINITIONS.—In this subsection:

16 “(A) HEALTH CARE PRACTITIONER.—The
17 term ‘health care practitioner’ means a practi-
18 tioner described in section 1842(b)(18)(C).

19 “(B) MEDICARE BENEFICIARY.—The term
20 ‘medicare beneficiary’ means an individual who
21 is enrolled under part B.

22 “(C) MEDICARE COVERED PROFESSIONAL
23 SERVICES.—The term ‘medicare covered profes-
24 sional services’ means—

1 “(i) physicians’ services (as defined in
2 section 1861(q), and including services de-
3 scribed in section 1861(s)(2)(A)), and

4 “(ii) professional services of health
5 care practitioners, including services de-
6 scribed in section 1842(b)(18)(D),
7 for which payment may be made under part A
8 or B, under a contract under section 1876, or
9 under a Medicare+Choice plan but for the pro-
10 visions of a private contract that meets the re-
11 quirements of paragraph (2).

12 “(D) MEDICARE+CHOICE PLAN; MSA
13 PLAN.—The terms ‘Medicare+Choice plan’ and
14 ‘MSA plan’ have the meanings given such terms
15 in section 1859.

16 “(E) PHYSICIAN.—The term ‘physician’
17 has the meaning given such term in section
18 1861(r).”.

19 (b) CONFORMING AMENDMENTS CLARIFYING EX-
20 EMPTION FROM LIMITING CHARGE AND FROM REQUIRE-
21 MENT FOR SUBMISSION OF CLAIMS.—Section 1848(g) of
22 the Social Security Act (42 U.S.C. 1395w-4(g)) is
23 amended—

24 (1) in paragraph (1)(A), by striking “In” and
25 inserting “Subject to paragraph (8), in”;

1 (2) in paragraph (3)(A), by striking "Payment"
2 and inserting "Subject to paragraph (8), payment";
3 (3) in paragraph (4)(A), by striking "For" and
4 inserting "Subject to paragraph (8), for"; and
5 (4) by adding at the end the following new
6 paragraph:

7 “(8) EXEMPTION FROM REQUIREMENTS FOR
8 SERVICES FURNISHED UNDER PRIVATE CON-
9 TRACTS.—

10 “(A) IN GENERAL.—Pursuant to section
11 1802(b)(1), paragraphs (1), (3), and (4) do not
12 apply with respect to physicians’ services (and
13 services described in section 1861(s)(2)(A)) fur-
14 nished to an individual by (or under the super-
15 vision of) a physician if the conditions described
16 in section 1802(b)(1) are met with respect to
17 the services.

18 “(B) NO RESTRICTIONS FOR ENROLLEES
19 IN MSA PLANS.—Such paragraphs do not apply
20 with respect to services furnished to individuals
21 enrolled with MSA plans under part C, without
22 regard to whether the conditions described in
23 subparagraphs (A) through (C) of section
24 1802(b)(1) are met.

“(C) APPLICATION TO ENROLLEES IN
OTHER PLANS.—Subject to subparagraph (B)
and section 1852(k)(2), the provisions of sub-
paragraph (A) shall apply in the case of an in-
dividual enrolled under a contract under section
1876 or under a Medicare+Choice plan (other
than an MSA plan) under part C, in the same
manner as they apply to individuals not enrolled
under such a contract or plan.”.

(c) CONFORMING AMENDMENTS.—(1) Section
1842(b)(18) of the Social Security Act (42 U.S.C.
1395u(b)(18)) is amended by adding at the end the fol-
lowing:

“(E) The provisions of section 1848(g)(8) shall apply
with respect to exemption from limitations on charges and
from billing requirements for services of health care prac-
titioners described in this paragraph in the same manner
as such provisions apply to exemption from the require-
ments referred to in section 1848(g)(8)(A) for physicians’
services.”.

(2) Section 1866(a)(1)(O) of such Act (42 U.S.C.
1395cc(a)(1)(O)) is amended by inserting “(other than
under an MSA plan)” after “Medicare+Choice organiza-
tion under part C”.



- 1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on the date that is 6 months
3 after the date of the enactment of this Act and apply to
4 contracts entered into on or after that date.

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